Partnership In Maximizing Category Profit

Charles M. Sledd

Signature Program

R.J. Reynolds Tobacco Company

51859 5191

Source: https://www.industrydocuments.ucsf.edu/docs/ksfn0000

Private Label Comparison

	Signature	Private Stock
List	$8.79	$8.44
Terms	$0.29	$0.27
Off Invoice	$1.50	$1.00
Net Invoice	$7.00	$7.17
Quarterly Rebate/Accrual	——	$0.68
Share of Category Incentive	$0.40	——
Direct Account Program	$0.26	$0.12
EFT	$0.04	$0.04
Marketing Accrual	$0.67	$0.70 ÷ $30¢ from Region Bud
Administrative Fee	$0.28	——
Potential Net	**$5.35**	**$5.63**

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Source: https://www.industrydocuments.ucsf.edu/docs/ksfn0000

Private Label Profit Comparison

	Signature	Private Stock
List to Retail	$9.55	$9.55
Dead Net Cost	$7.72 (A)	$8.03 (B)
Gross Margin $$ - Carton	**$1.83**	**$1.52**

Gross Margin Calculations

	Signature	Private Stock
Mark Up	$0.56	$0.41
Administrative Payment	$0.28	——
EFT	$0.04	$0.04
Terms	$0.29	$0.27
Direct Account Program	$0.26	$0.12
Quarterly Rebate Accrual	——	$0.68
SOC Payment	$0.40	——
Gross Margin $$ - Carton	**$1.83**	**$1.52**

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Dead Net Cost Calculations

(A)		$8.79	
	-	$1.50	Off Invoice
		$7.29	
	+	$1.70	Tax
		$8.99	
	-	$1.27	(.40 SOC/.26 Partners/.04 EFT/ .28 Admin./.29 Terms)
		$7.72	

(B)		$8.44	
	-	$1.00	Off Invoice
		$7.44	
	+	$1.70	Tax
		$9.14	
	-	$1.11	(.68 Q Rebate/.12 Perf. Plus/.04 EFT/.27 Terms)
		$8.03	

Source: https://www.industrydocuments.ucsf.edu/docs/ksfn0000

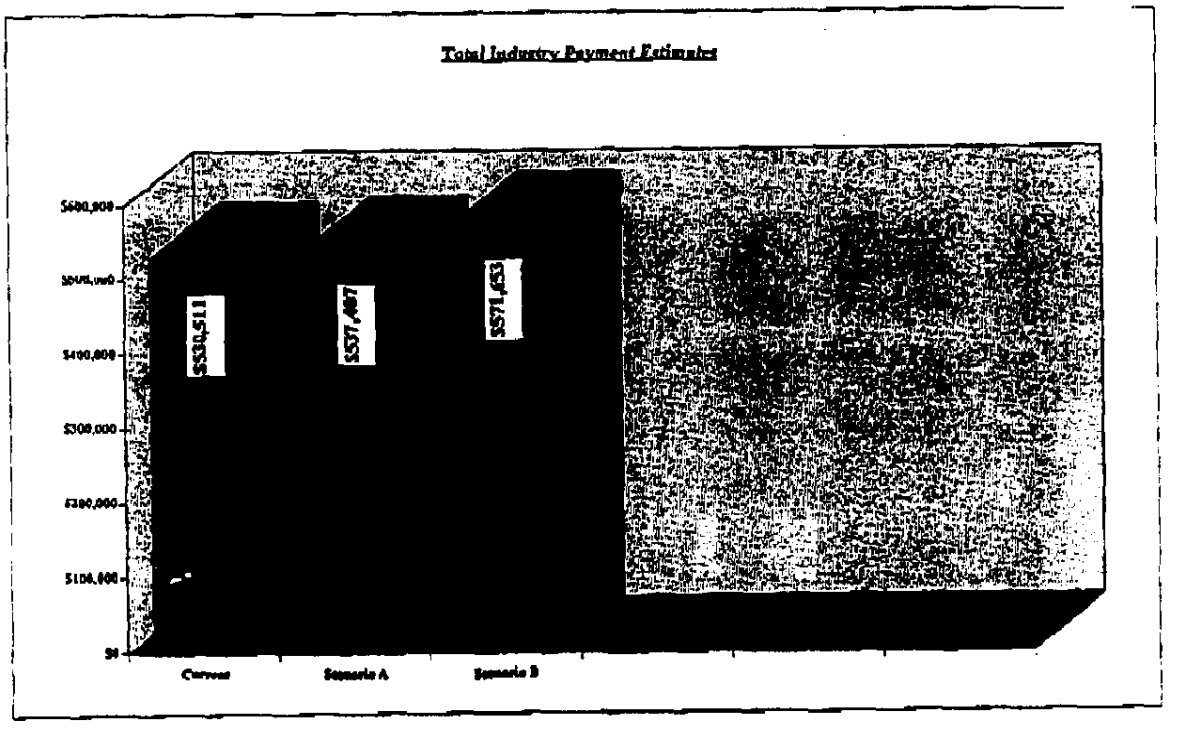
DIRECT ACCOUNT INDUSTRY EARNINGS

CHARLES M. SLEDD CO.

Total Payments (Annualized)

Based on: 05/01/1995 - 08/27/1995

	Current	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E
R. J. Reynolds	$247,944	$305,130	$362,206	$0	$0	$0
Philip Morris	$100,320	$100,320	$100,320	$0	$0	$0
British American	$164,489	$114,200	$91,369	$0	$0	$0
Lorillard	$16,615	$16,615	$16,615	$0	$0	$0
Liggett	$1,143	$1,143	$1,143	$0	$0	$0
Other	$0	$0	$0	$0	$0	$0
Industry Total	$530,511	$537,407	$571,653	$0	$0	$0
Difference vs. Current		$6,897	$41,142			
% Change vs. Current		1.3%	7.8%			



Scenario Descriptions

Current	BUSINESS CONTINUES AS IS (NO CHANGES)
Scenario A	SIGNATURE TAKES 50% OF AVA SOM
Scenario B	SIGNATURE TAKES 100% OF AVA SOM

Payment calculations are estimates only and are based upon assumed volumes and market shares. In addition, calculation of competitive payments is based upon our understanding of current competitive programs, all of which are subject to change as well as interpretation and administrative variances by the cigarette manufacturer.

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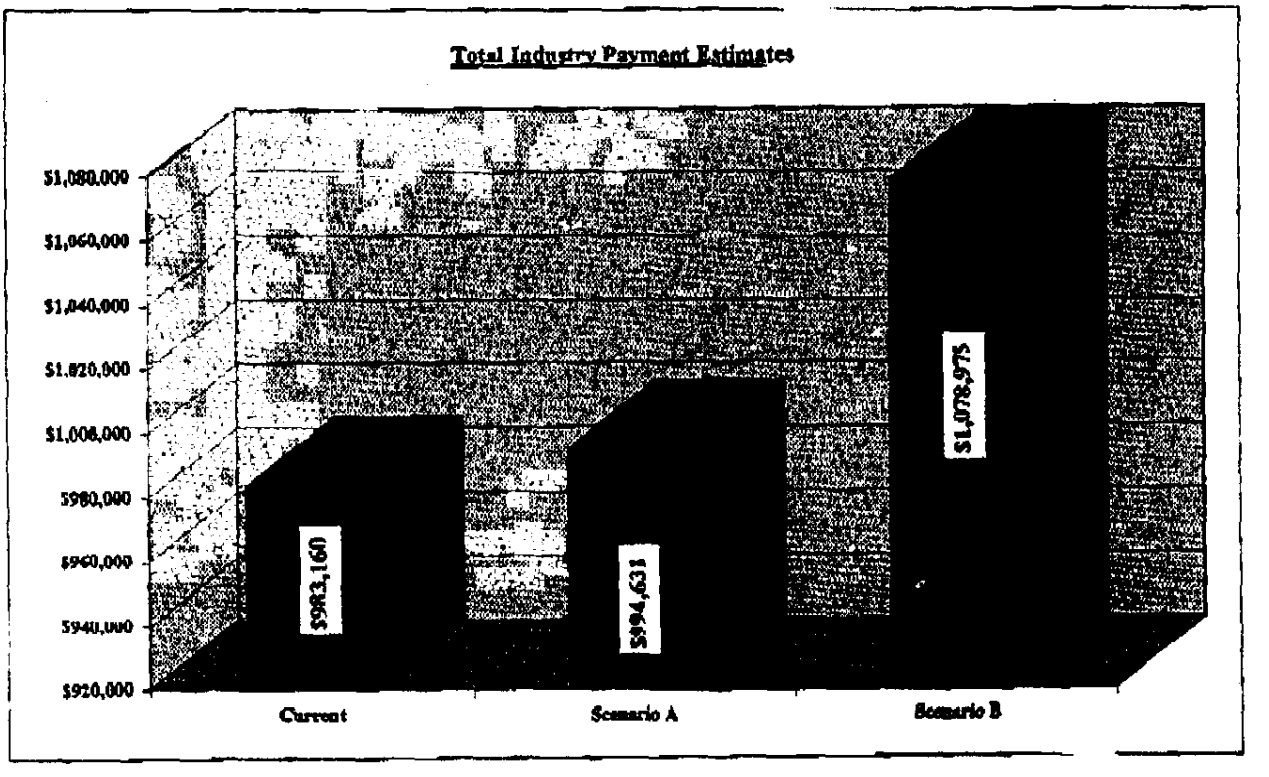
Source: https://www.industrydocuments.ucsf.edu/docs/ksfn0000

DIRECT ACCOUNT INDUSTRY EARNINGS

CHARLES M. SLEDD CO.
Total Payments (Annualized)
Based on: 05/01/1995 - 08/27/1995

Signature/AVA Profitability Loaded

	Current	Scenario A	Scenario B
R. J. Reynolds	$247,944	$536,161	$869,528
Philip Morris	$100,320	$100,320	$100,320
British American	$617,138	$340,392	$91,369
Lorillard	$16,615	$16,615	$16,615
Liggett	$1,143	$1,143	$1,143
Other	$0	$0	$0
Industry Total	$983,160	$994,631	$1,078,975
Difference vs. Current		$11,471	$95,815
% Difference vs. Current		1.17%	9.74%



Scenario Descriptions

Current	BUSINESS CONTINUES AS IS (NO CHANGES)
Scenario A	SIGNATURE TAKES 50% OF AVA SOM
Scenario B	SIGNATURE TAKES 100% OF AVA SOM

Payment calculations are estimates only and are based upon assumed volumes and market shares. In addition, calculations of competitive payments is based upon our understanding of current competitive programs, all of which are subject to change as well as interpretation and administrative variances by the cigarette manufacturer.

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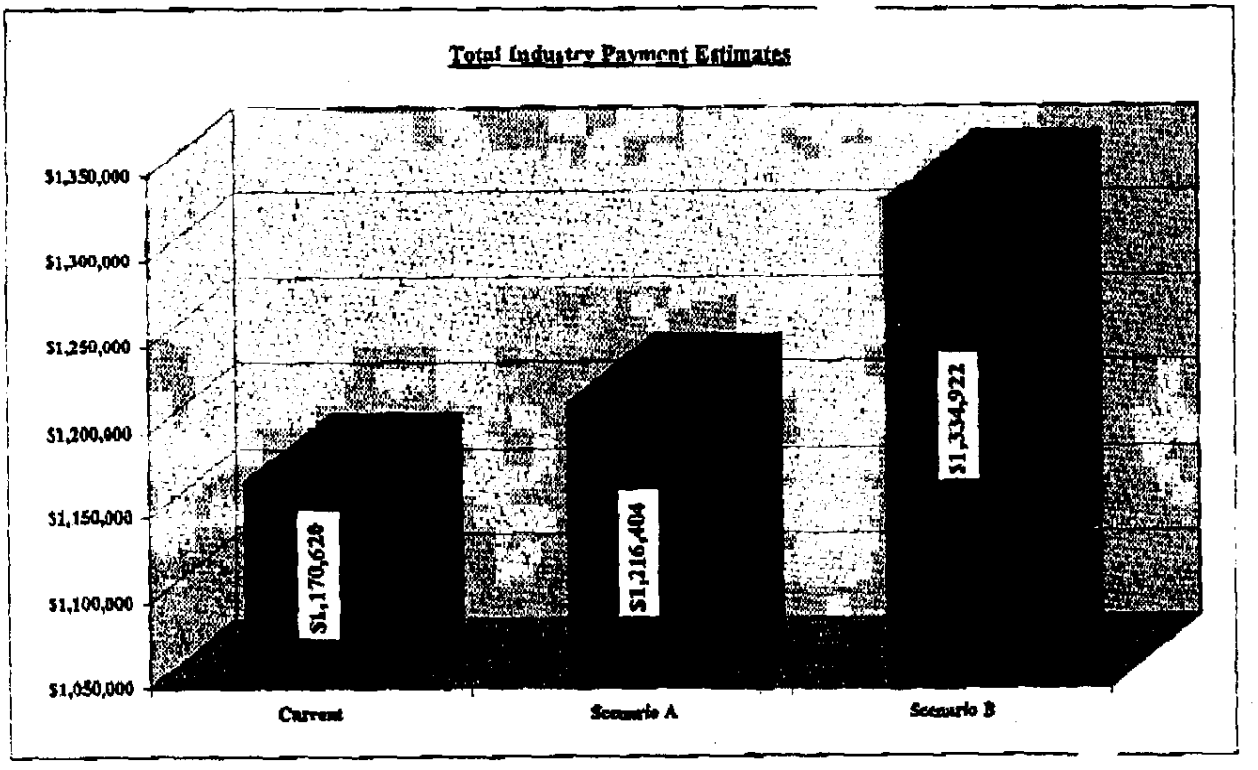
Source: https://www.industrydocuments.ucsf.edu/docs/ksfn0000

DIRECT ACCOUNT INDUSTRY EARNINGS

CHARLES M. SLEDD CO.
Total Payments (Annualized)
Based on: 05/01/1995 - 08/27/1995

Signature/AVA Profitability Loaded (Includes Mark Up)

	Current	Scenario A	Scenario B
R. J. Reynolds	$247,944	$664,258	$1,125,475
Philip Morris	$100,320	$100,320	$100,320
British American	$804,598	$434,068	$91,369
Lorillard	$16,615	$16,615	$16,615
Liggett	$1,143	$1,143	$1,143
Other	$0	$0	$0
Industry Total	$1,170,620	$1,216,404	$1,334,922
Difference vs. Current		$45,784	$164,302
% Change vs. Current		3.90%	14.04%



Scenario Descriptions

Current	**BUSINESS CONTINUES AS IS (NO CHANGES)**
Scenario A	**SIGNATURE TAKES 50% OF AVA SOM**
Scenario B	**SIGNATURE TAKES 100% OF AVA SOM**

Payment calculations are estimates only and are based upon assumed volumes and market shares. In addition, calculations of competitive payments is based upon our understanding of current competitive programs, all of which are subject to change as well as interpretation and administrative variances by the cigarette manufacturer.

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